

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation into
Implementation of Assembly Bill 970 Regarding
the Identification of Electric Transmission and
Distribution Constraints, Actions to Resolve
Those Constraints, and Related Matters Affecting
the Reliability of Electric Supply.

Investigation 00-11-001
(Filed November 2, 2000)

**ADMINISTRATIVE LAW JUDGE'S RULING
MODIFYING PHASE 6 EVIDENTIARY HEARINGS AND
PROVIDING NOTICE OF FURTHER PREHEARING CONFERENCE**

A further prehearing conference (PHC) will be held in this investigation on June 12 and June 13, 2003, at the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. The purpose of this PHC is to obtain information regarding potential transmission constraints and planned transmission projects. We will discuss whether workshops and/or evidentiary hearings are needed to address these issues further. We will also discuss whether there are process or information gaps that inhibit meeting the Commission's objectives for this investigation. The PHC will commence at 10 a.m. on June 12. Much of the discussion will occur off the record, with the results reported on the record toward the end of the PHC.

Evidentiary hearings in Phase 6 of this proceeding, which are currently scheduled for June 9 through June 13, 2003, are hereby cancelled for June 12 and June 13, 2003, to accommodate the PHC. The estimates of time required for cross-examination of witnesses that parties have submitted indicate that three days of hearings, e.g., June 9 through June 11, should suffice for Phase 6.

On May 23, 2003, Southern California Edison Company (SCE) filed a motion to postpone the Phase 6 hearings. Parties will be notified by a separate ruling whether the Phase 6 hearings will proceed on June 9 through June 11, 2003, or be postponed.

I. Background

This proceeding has included the following phases:

- Phase 1: Transmission projects for summer 2001 (Decision (D.) 01-03-077).
- Phase 2: Southwest Power Link (SWPL) reliability need (D.01-10-070).
- Phase 3: Miguel-Mission/Imperial Valley economic need (D.03-02-069).
- Phase 4: Path 15 economic need (D.03-05-083).
- Phase 5: Generic methodology for evaluation of economic need of transmission projects (ongoing).
- Phase 6: Tehachapi transmission for connection of renewable generation (ongoing)
- Phase 7: Transmission plan for renewable electricity generation facilities, as required by Senate Bill (SB) 1038 (ongoing).

In addition, the Commission is developing a framework for coordination of the procurement process and transmission planning related to renewables, consistent with SB 1078, based on a framework proposed by administrative law judges (ALJs) in this proceeding and in Rulemaking 01-10-024, and on comments received from the parties.

II. Evaluation of Areas with Transmission Constraints

The Commission is aware that several areas in California have been identified where there may be transmission constraints, either this summer or in the near future. More information is needed in order to assess the best approach for addressing these transmission constraints. Parties are instructed to provide

information through PHC statements, with further discussion during the PHC, regarding areas with existing or potential transmission constraints, the resulting impacts on ratepayers, the range of potential mitigation measures, and procedural options for further Commission consideration of the issues.

In its 2003 Summer Assessment, dated April 11, 2003, the California Independent System Operator (ISO) identified transmission constraints projected for several areas, including the Humboldt area, the San Francisco Peninsula and Greater Bay Area (with curtailments of the Los Esteros plant), the Fresno area and southern Pacific Gas and Electric Company (PG&E) area, the SCE area (with potential overload on the South of Lugo path), and the San Diego Gas & Electric Company (SDG&E) area (with curtailments of generation interconnected at Imperial Valley and imports from Mexico, and with limitations on new imports from Arizona).

The ISO is currently sponsoring a study group to investigate and recommend solutions to the problem of supplying power to the San Francisco Peninsula. This study group has investigated the effects of various generation and transmission scenarios on the capability to serve load in the area.

The ISO is also sponsoring a regional effort to explore possible solutions to transmission needs in Southern California and the Southwest. The Southwest regional group is undertaking power flow studies to identify project options for further analysis and expects to select a preferred project and to complete implementation plans by November 2003.

During a technical conference held by the Federal Energy Regulatory Commission (FERC) on May 1, 2003, the ISO identified a significant concern regarding expected congestion at the Miguel 500/230 transformer bank if new generation goes on line in Mexico as expected this summer. This situation had not been brought to the Commission's attention previously, notwithstanding our review of the Miguel-Mission and Valley-Rainbow projects, and the

Commission's general direction that the utilities identify necessary transmission upgrades, most recently in the January 14, 2003 PHC in this proceeding.

SDG&E informed the Commission and parties in this proceeding and in Application (A.) 02-07-022 on May 8, 2003, that operating studies have identified system changes that may affect the expected import limits at the Miguel substation, namely, the lack of new generation coming on line as originally contemplated, a likely reduction of generation output from the South Bay Power Plant, and power flow concerns on the Baja California, Mexico, transmission system. At the May 28, 2003, PHC in A.02-07-022, SDG&E explained planned changes at the Imperial Valley and Miguel substations in response to ISO requests. While describing system conditions that led to the ISO requests, SDG&E did not reference the new generation in Mexico and did not address whether there will be congestion at Miguel this summer if those plants become operational as expected.

SCE informed the Commission on March 17, 2003, that SCE expects to submit up to four applications during 2003 and 2004 for proposed transmission projects: a second 500-kilovolt (kV) transmission line between the Devers substation and the Palo Verde Generating Station switchyard (4Q03 or early 2004), a 230-kV line between the Pardee substation and a new substation in the Tehachapi area with associated 66kV collector lines from various windparks (first half of 2004 or later), a new Etiwanda substation (4Q03), and a new Viejo substation (March 2003). Subsequently, SCE filed A.03-03-043 requesting a certificate of public convenience and necessity (CPCN) for the Viejo substation and associated transmission lines.

The fragmented information that the Commission has received raises numerous questions. In order to help ensure that potential transmission constraints are identified and addressed in a timely manner with consideration of the full range of alternatives, this ruling sets forth particular areas of inquiry for

the PHC. Parties should inform the Commission of any areas not identified in this ruling that may have transmission constraint problems, and should assess the relative priority to be accorded to resolving each identified constraint. Parties should provide the Commission with any other information that they believe may be pertinent. The use of maps is encouraged.

For each area of significant transmission constraint, whether identified in this ruling or by the parties, parties are instructed to provide the following information:

1. Provide any existing analysis of potential constraints anticipated for the remainder of this year and over the next eight years, including scope, timing, duration, and effects on system operations and reliability.
2. For congestion situations, describe network upgrades (and associated permitting requirements) that could mitigate the congestion situation, describing as many options as possible. Also describe how the anticipated congestion will affect costs under different scenarios, e.g., the types of options for managing congestion at Miguel described by the ISO at the FERC technical conference.¹ Identify the extent to which each management scenario affects system reliability. Identify and provide available quantification for each type of cost, for example, costs under existing Department of Water Resources contracts and Reliability Must Run costs; and identify who would bear the costs. Describe how such costs can be minimized.
3. For constraints affecting reliability, identify the options, including network upgrades (and associated permitting requirements), operating procedures, and special protection schemes, which could mitigate the deficiency in reliability.

¹ See, "Options for Resolving Intra-zonal Congestion" by Ziad Alaywan, available at <http://www.caiso.com/docs/2003/05/07/2003050709565814765.pdf>

Regarding certain areas of transmission constraints identified in this ruling, parties should provide the following information:

4. Address the near- and medium-term power adequacy on the San Francisco Peninsula if the Hunters Point plant is shut down and Potrero Unit 7 is not built.
5. Describe when the planned construction of transformer banks at the Miguel substation rather than the Imperial Valley substation would occur and whether that construction would relieve the congestion that may occur at Miguel commencing this summer. If not, would it be feasible to modify Miguel sooner in order to relieve the expected congestion?
6. Provide information regarding the purpose and scope of the new Etiwanda substation that SCE is planning.

In D.01-10-070, the Commission concluded that a new Southern Californian link to Arizona, Nevada, or Mexico is not likely to be needed for reliability purposes before 2008. With the passage of time and particularly in light of SCE's announced plan to file a CPCN application for a second Devers-Palo Verde transmission line, the time may be right to revisit this issue. It is crucial that a comprehensive rather than piecemeal inquiry be undertaken. A full range of alternatives, e.g., a second SWPL line with an Imperial Valley-Devers line and/or a reinforced Miguel-Imperial Valley line, should be considered, and both the reliability and economic benefits of each option should be assessed. Parties should describe in PHC statements, with more in-depth discussion during the PHC, alternatives for new transmission to the Southwest and procedural options that would allow full Commission consideration of these options.

III. Possible Gaps in Transmission-Related Proceedings and Processes

It is critical that the information provided to the Commission in this proceeding be comprehensive, up-to-date, and accurate. As noted above, concerns regarding congestion at Miguel were not raised during the January 14,

2003 PHC. Parties should explain why the Commission was not notified of the congestion problem at Miguel.

I am also concerned that such a gap in information not happen in the future. Parties should address how to improve the process to ensure that critical developments on transmission constraints and related issues are squarely in front of the Commission in its proceedings. While the utilities are required to address this issue, I am interested in comments from all parties, particularly the ISO's perspective.

IV. PHC Statements

PHC statements shall be filed and served no later than June 9, 2003. While the PHC statements must be filed with the Docket Office in paper form, they may be served in electronic form, pursuant to Rule 2.3(b) in the Commission Rules of Practice and Procedure. The use of PDF format is encouraged. Paper copies, in addition to electronic copies if made available, shall be served on the Assigned Commissioner, ALJ TerKeurst, anyone on the Appearances and State Service portions of the service list who does not have a valid e-mail address, and any other party requesting paper format service. If a party serves its PHC statement electronically, it should e-mail courtesy copies to the entire service list, including those appearing on the list as "Information Only." Persons filing PHC statements should bring 30 extra copies to the PHC.

V. Service List

The existing service list in this proceeding will be retained. Those appearing for the first time at the PHC may be added to the list by filling out an appearance form.

The current service list for this proceeding is available on the Commission's web page, www.cpuc.ca.gov. To obtain an up-to-date service list of electronic mail addresses:

- Click on “Proceedings,” then click on “Service Lists.”
- Scroll through the “Index of Service Lists” to the number for this proceeding (or click “edit,” “find,” type in I0011001, and click “find next”).
- To view and copy the electronic addresses for a service list, click on “List” under the proceeding number, download the comma-delimited file, and copy the column containing the electronic addresses.

Therefore, **IT IS RULED** that:

1. The Commission will hold a prehearing conference (PHC) commencing at 10 a.m. on June 12 and continuing on June 13, 2003, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

2. Evidentiary hearings in Phase 6 of this proceeding are cancelled for June 12 and June 13, 2003.

3. Interested persons may file PHC statements, as more fully set forth above, no later than June 9, 2003. Parties shall serve the PHC statements on the service list, as well as on the Assigned Commissioner and assigned Administrative Law Judge, and should bring 30 extra copies to the PHC.

Dated June 2, 2003, at San Francisco, California.

/s/ CHARLOTTE F. TERKEURST

Charlotte F. TerKeurst
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Modifying Phase 6 Evidentiary Hearings and Providing Notice of Further Prehearing Conference on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated June 2, 2003, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.